

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4406-01
Bill No.: HB 1371
Subject: Motor Vehicles; Law Enforcement Officers and Agencies
Type: Original
Date: January 12, 2016

Bill Summary: This proposal modifies motorcycle helmet law.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services** assume this proposal prohibits law enforcement agencies from stopping motorcyclists for failing to wear protective headgear as a primary offense.

Officials from the Department of Health and Senior Services (DHSS) and the Department of Mental Health (DMH) stated that their response includes costs that are covered under their respective budgets. Therefore, only those medical costs that are in the Department of Social Services (DSS) budget are reported here.

MO HealthNet Division (MHD) estimates there will be 24 additional head-injury cases each year if law enforcement agencies are prohibited from stopping motorcyclists for failing to wear protective headgear (even children) as a primary offense. It is estimated that 2.3 of these cases will be uninsured and require initial hospital care and on-going medical expenses. For purposes of this fiscal note, MHD is rounding up to 3 individuals. Similar legislation relating to the motorcycle helmet law filed this session contained age exemptions for those under the age of 18 or 21. This legislation does not contain such an exemption, therefore, MHD assumes an increased number of head-injury cases.

The annual cost estimate is based on initial inpatient hospital charges and on-going medical costs. It is assumed the hospital will be reimbursed for the uninsured care by the MO HealthNet program.

The DHSS provided data regarding the initial hospital charges for un-helmeted and helmeted riders. In 2003, the average initial cost for an un-helmeted rider was \$66,850 and \$55,234 for a helmeted rider. The cost was \$11,616 per person higher for an injured un-helmeted rider than for a helmeted rider in 2003. This initial cost was inflated by 5.03% annually from 2003 to arrive at an estimate for 2017 through 2019. This inflationary factor is an average based on Healthcare Cost Review for Hospitals data from SFY '03 through SFY '15. Therefore, the initial cost is estimated to be \$23,091 in FY '17.

The average annual cost for on-going medical costs is based on the first three months of SFY '16 (July 2015 through September 2015). Nursing facility, hospital, physician, dental, pharmacy, Medicare Part D co-pays, home health and rehab/specialty services are in the on-going cost calculation. The average annual on-going cost was inflated by 3%. The on-going cost per person for one full year is \$16,092 (\$1,341 x 12 months).

ASSUMPTION (continued)

SFY `17

Assumes three un-helmeted individuals will be injured due to a motorcycle accident and be eligible or become eligible for MO HealthNet services. The initial hospitalization will be \$23,091 per person ($\$23,091 \times 3 = \$69,273$). The on-going medical costs will be \$16,092 per person for the year. Total annual cost to MHD is \$117,549. For fiscal note purposes, this assumes a 10-month cost of \$109,503 (\$40,266 General Revenue).

SFY `18

Assuming all FY `17 injured people survive, the estimated cost for FY `18 for these people will be a full year (12 month) on-going medical costs but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization cost and on-going medical costs for the three new individuals estimated to be injured in FY `17. Costs are inflated by 5.03% annually. Total cost is \$174,162 (\$64,043 General Revenue).

SFY `19

Assuming all FY `17 and all FY `18 injured people survive, the estimated cost for FY `19 for these people will be a full year (12 month) on-going medical cost but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization cost and on-going medical costs for the three new people estimated to be injured in FY `19. Costs are inflated by 5.03% annually. Total cost is \$236,175 (\$86,846 General Revenue).

Officials from the **Department of Public Safety - Missouri Highway Patrol, Department of Revenue, Department of Health and Senior Services, Department of Mental Health and Office of State Courts Administrator** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight assumes some people could choose not to wear protective headgear that meets reasonable standards and specifications as a result of this proposal. Accordingly, there may be an increase in injuries or the severity of injuries to motorcyclists not wearing appropriate protective headgear which may **indirectly** result in increased costs to the state. Oversight assumes no **direct** fiscal impact to state and local governments from the protective headgear requirement being a secondary offense.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2017
(10 Mo.)

FY 2018

FY 2019

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

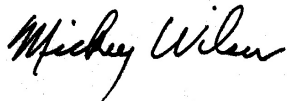
FISCAL DESCRIPTION

This proposal provides that wearing a motorcycle helmet that is not in compliance with required standards and specifications must be a secondary offense for which the wearer can be cited only if he or she is stopped by law enforcement for a separate primary offense.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Public Safety
Missouri State Highway Patrol
Department of Revenue
Department of Health and Senior Services
Department of Social Services
Department of Mental Health



Mickey Wilson, CPA
Director
January 12, 2016

Ross Strobe
Assistant Director
January 12, 2016